
**Audit of Robert Morris College's Administration
of the Talent Search, Upward Bound,
and Student Support Services Programs
Chicago, Illinois**

FINAL AUDIT REPORT



**Control Number ED-OIG/A05-B0035
September 2002**

Our mission is promote the efficiency,
effectiveness, and integrity of the
Department's programs and operations.



U.S. Department of Education
Office of Inspector General
Chicago, Illinois

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.



Audit
(312) 886-6503

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

REGION V
111 NORTH CANAL, SUITE 940
CHICAGO, ILLINOIS 60606

FAX: (312) 353-0244



Investigation
(312) 353-7891

SEP 27 2002

Michael P. Violtt, President
Robert Morris College
Suite 410
401 South State Street
Chicago, Illinois 60605

Dear Mr. Violtt:

Attached is our report entitled *Audit of Robert Morris College's Administration of the Talent Search, Upward Bound, and Student Support Services Programs, Chicago, Illinois* (ED-OIG/A05-B0035). The report incorporates the comments you provided in response to the draft audit report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit:

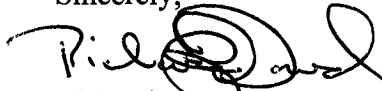
Sally Stroup, Ed.D.
Assistant Secretary
Office of Postsecondary Education
U.S. Department of Education
Room 7115
1990 K Street, NW
Washington, DC 20006

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

If you have any questions or wish to discuss the contents of this report, please contact me at 312-886-6503. Please refer to the above audit control number in all correspondence relating to this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard J. Dewd", with a large, stylized loop at the end.

Richard J. Dewd
Regional Inspector General
for Audit

Attachment

Table of Contents

Audit of Robert Morris College's Administration of the Talent Search, Upward Bound, and Student Support Services Programs, Chicago, Illinois

Control Number ED-OIG/A05-B0035

	Page
Executive Summary	1
Audit Results	3
Finding No. 1 RMC Did Not Maintain Documentation Sufficient to Support the Eligibility of Its Upward Bound Participants	4
Finding No. 2 RMC Did Not Account Accurately for TRIO Program Funds	5
Finding No. 3 RMC Used \$7,601 in TRIO Program Funds for Unallowable Costs	7
Finding No. 4 RMC Paid \$6,560 in Stipends to Upward Bound Students Without Evidence of Their Satisfactory Participation	8
Finding No. 5 RMC Paid Unreasonable Costs for Consulting Services	9
Finding No. 6 RMC Reported Inaccurately the Number of TRIO Program Participants It Served	10
Finding No. 7 RMC Could Not Support Achievement of All Grant Objectives	11
Other Matters	12
Background	13
Objectives, Scope, and Methodology	14
Statement on Management Controls	16
Attachment	18

Executive Summary

Robert Morris College (RMC) of Chicago, Illinois, did not always administer its Talent Search, Upward Bound, and Student Support Services (collectively known as TRIO) programs according to Title IV of the Higher Education Act of 1965, as amended (HEA), and the regulations relevant to the TRIO programs (34 C.F.R. Parts 74, 75, 643, 645, and 646).¹ Our audit disclosed that RMC complied with the law and relevant regulations by claiming expenses that did not exceed its approved budgeted amounts. RMC also demonstrated that it provided only eligible services to the agreed upon number of eligible participants in its Talent Search, Student Support Services, and Upward Bound programs. However, during the period September 1, 1999, through August 31, 2000, RMC:

- Did not maintain documentation sufficient to support the eligibility of its Upward Bound participants;
- Did not account accurately for TRIO program funds;
- Used \$7,601 in TRIO program funds for unallowable costs;
- Paid \$6,560 in stipends to Upward Bound participants without evidence of their satisfactory participation;
- Paid unreasonable costs for consulting services, resulting in \$5,990 not being available to serve eligible TRIO participants;
- Reported inaccurately the number of TRIO program participants it served; and
- Could not support achievement of all grant objectives.

We also noted RMC's TRIO program budgets did not provide ED with accurate information regarding estimated expenses, and employees shown in the budgets as 12-month employees only worked 11 months.

In general, significant weaknesses in RMC's management controls over (1) maintaining documentation supporting eligibility of project participants, (2) accounting for and using grant funds, (3) claiming travel expenses, (4) purchasing, and (5) submitting required reports caused these problems.

We recommend that the Assistant Secretary for Postsecondary Education direct RMC to refund \$20,151, because it charged unallowable costs to the TRIO programs, paid stipends to Upward Bound participants without evidence of their satisfactory participation in the program, and charged unreasonable consulting costs to the TRIO programs. We also recommend that the Assistant Secretary for Postsecondary Education direct RMC to (a) consult with U. S. Department of Education (ED) officials if it has questions regarding the allowability of costs, (b) consult with an ED program official prior to incurring consulting costs which are significantly greater than those stated in the TRIO programs' budgets, and (c) develop and implement controls to ensure TRIO staff prepare performance reports that include all participants served during the grant award year, regardless of their status at the time RMC prepares its reports.

¹ Unless otherwise noted, all citations are to the regulations effective July 1, 1999.

In addition, we recommend that the Assistant Secretary for Postsecondary Education conduct a review of RMC to ensure it:

- Implemented controls sufficient to ensure that all future Upward Bound participants meet all eligibility requirements;
- Implemented procedures to reconcile accounting and program records at least annually to ensure costs are charged to the correct programs and the correct grant year;
- Provided specialized training in accounting for federal grant funds to TRIO personnel;
- Reviewed accounting records for the audit period and corrected any transactions recorded improperly, including those identified during our audit;
- Implemented controls to ensure it charges only allowable costs to the TRIO programs;
- Provided training to its TRIO staff regarding the types of costs that can be charged to the TRIO programs;
- Adhered to its procedures for determining satisfactory participation and maintained sufficient records to show it made the determination for all Upward Bound students before paying them stipends;
- Implemented written policies and procedures to monitor its progress toward the achievement of its grant objectives; and
- Maintained documentation, as described in the grant proposal, to demonstrate the degree to which it achieved the objectives.

In response to our draft audit report, RMC disagreed with Finding Nos. 1, 5, and 6 and generally agreed with Finding Nos. 2, 3, 4, and 7. RMC disagreed with \$941 of \$8,484 in costs we considered unallowable for Finding No. 3. RMC also stated that it has taken actions to correct the control weaknesses identified in Finding Nos. 1, 2, 3, 4, and 7.

We made changes to the report based on comments received. We deleted our draft report recommendations requesting RMC return to ED \$241,377 for the 1999-2000 grant year and \$342,467 for the 2000-2001 grant year. In response to the draft report, RMC agreed that complete documentation for Upward Bound participants was lacking at the time of our audit. However, RMC provided sufficient documentation to show Upward Bound participants during those grant years were eligible to receive services. We also reduced our finding regarding unallowable costs charged to the TRIO programs by \$883. RMC provided sufficient support to show those costs were allowable. Finally, we revised our draft report recommendations and are now recommending that the Assistant Secretary for Postsecondary Education conduct a review of RMC to ensure it has implemented the corrective actions described in RMC's comments on our draft report. We summarized RMC's comments and our responses after each finding, and a copy of selected pages of RMC's comments is provided as an Attachment. Because RMC's comments on the draft report were voluminous, we did not include them in their entirety. A complete copy of RMC's comments will be forwarded to the Office of Postsecondary Education.

AUDIT RESULTS

The objectives of our audit were to determine if, for the period September 1, 1999, through August 31, 2000, RMC:

- Demonstrated that it provided only eligible services to the number of eligible TRIO students required under its agreement with ED;
- Properly accounted for and completely and accurately reported on the use of TRIO funds;
- Only claimed expenses that were allowable and adequately supported; and
- Claimed expenses that did not exceed the approved budgeted amounts.

Our audit disclosed that RMC complied with the law and relevant regulations by claiming expenses that did not exceed its approved budgeted amounts. RMC also demonstrated that it provided only eligible services to the agreed upon number of eligible participants in its Talent Search, Student Support Services, and Upward Bound programs.

However, contrary to the law and relevant regulations, RMC (1) did not maintain documentation sufficient to support the eligibility of its Upward Bound participants, (2) did not account accurately for TRIO program funds, (3) used \$7,601 in TRIO program funds for unallowable costs, (4) paid \$6,560 in stipends to Upward Bound participants without evidence of their satisfactory participation, (5) paid unreasonable costs for consulting services, resulting in \$5,990 not being available to serve eligible TRIO participants, (6) reported inaccurately the number of TRIO program participants it served, and (7) could not support achievement of all grant objectives. Significant weaknesses in RMC's management controls caused these instances of non-compliance.

In response to our draft audit report, RMC disagreed with Finding Nos. 1, 5, and 6 and generally agreed with Finding Nos. 2, 3, 4, and 7. RMC disagreed with \$941 of \$8,484 in costs we considered unallowable for Finding No. 3. RMC also stated that it has taken actions to correct the control weaknesses identified in Finding Nos. 1, 2, 3, 4, and 7.

We made changes to the report based on comments received. We summarized RMC's comments and our responses after each finding, and a copy of selected pages of RMC's comments is provided as an Attachment. Because RMC's comments on the draft report were voluminous, we did not include them in their entirety. A complete copy of RMC's comments will be forwarded to the Office of Postsecondary Education.

Finding No. 1 RMC Did Not Maintain Documentation Sufficient to Support the Eligibility of Its Upward Bound Participants

RMC did not maintain evidence showing that its Upward Bound participants had the need for academic support. To be an eligible Upward Bound participant, an individual must have "a need for academic support, as determined by the grantee, in order to pursue successfully a program of education beyond high school." 34 C.F.R. § 645.3(c). During our audit, we asked for evidence that all 59 Upward Bound students who participated in the program during the period September 1, 1999, through August 31, 2000 (1999-2000 grant year), required academic support. RMC

could not provide supporting documentation showing that any of the 59 students had a need for academic support.

At the time RMC admitted a student into the Upward Bound program, RMC used a form entitled *Individual Education Career Plan (IECP)* to document its determination of a student's need for services. During our audit, RMC provided us with *IECPs* for only 44 of the 59 Upward Bound participants it served during our audit period. The *IECPs* showed that RMC determined 31 students did not require any Upward Bound services. RMC determined one student needed career counseling. The *IECPs* for the remaining 27 students were either missing from the student's file or did not indicate that RMC determined the student required Upward Bound services.

ED awarded RMC \$241,377 for the 1999-2000 grant year and \$342,467 for the period September 1, 2000, through August 31, 2001 (2000-2001 grant year), to provide services to Upward Bound program participants who had a need for academic support in order to pursue successfully a program of education beyond high school.

Recommendation

- 1.1 We recommend that the Assistant Secretary for Postsecondary Education conduct a review of RMC and ensure RMC has implemented controls sufficient to ensure that all future Upward Bound participants will meet all eligibility requirements. RMC should maintain a file on each participant that documents clearly its assessment of the academic needs of Upward Bound students.

Auditee Comments

RMC disagreed with our draft audit report finding that it provided Upward Bound services to ineligible students. In response to our draft audit report, RMC provided support to show that all 59 program participants for the 1999-2000 grant year and 30 additional program participants for the 2000-2001 grant year were eligible participants. RMC agreed that complete documentation for Upward Bound participants was lacking at the time of our audit. RMC asserted that it developed a new form that more accurately codifies each applicant's need for service. RMC also provided criteria for determining academic need for individual participants.

Office of Inspector General Response

We dropped our draft report recommendations for RMC to return to ED \$241,377 for the 1999-2000 grant year and \$342,467 for the 2000-2001 grant year. RMC provided sufficient evidence to show that the 89 Upward Bound program participants served during the 1999-2000 and 2000-2001 grant years were eligible to receive services. We also revised our remaining draft report recommendation regarding the need to implement controls. RMC stated it has already implemented corrective action to ensure all future Upward Bound participants meet all eligibility requirements. We recommend that the Assistant Secretary for Postsecondary Education conduct a review of RMC to confirm it took corrective action.

Finding No. 2 RMC Did Not Account Accurately for TRIO Program Funds

RMC did not account accurately for TRIO program funds. RMC (1) charged costs and credited refunds to the wrong TRIO accounts; (2) charged costs and credited refunds to the wrong grant years; (3) did not report program income; and (4) credited a refund for unused tickets purchased with TRIO funds to its institutional account.

For the 1999-2000 grant year, we reviewed RMC's supporting documentation for (1) 223 TRIO program costs totaling \$146,070; (2) 27 refunds totaling \$8,593; and (3) salary and fringe benefit costs for 18 full-time and 12 part-time TRIO employees totaling \$361,171. Additionally, we reviewed RMC's supporting documentation for equipment purchased during the 2000-2001 grant year after we determined equipment purchased during the 1999-2000 grant year was recorded inaccurately.

During the 1999-2000 grant year, RMC posted a \$24 refund to the Upward Bound program when it should have recorded a \$24 cost. RMC also charged \$12,762 of costs to the wrong TRIO accounts. For example, RMC recorded 10 Student Support Services transactions totaling \$3,650 and 15 Talent Search transactions totaling \$2,217 as Upward Bound costs. It also recorded 9 Upward Bound transactions totaling \$3,597 as Talent Search costs.

In addition, RMC charged two costs totaling \$388 and credited a refund of \$844 for costs incurred during the 1998-1999 grant year to the Talent Search program for the 1999-2000 grant year. It also credited a refund of \$44 for the Upward Bound program for the 1998-1999 grant year to the 1999-2000 grant year. RMC improperly recorded \$23,084 in computer equipment costs for its TRIO programs as 2000-2001 grant year costs. RMC should have charged the costs to its 1999-2000 Talent Search (\$5,514), Upward Bound (\$8,495), and Student Support Services (\$9,075) programs.

In another instance of not accounting accurately for TRIO program funds, RMC did not report \$721 in funds received from outside sources as program income earned during the 1999-2000 grant year. Instead, RMC recorded the additional funds received as credits for the Talent Search (\$300), Upward Bound (\$171), and Student Support Services (\$250) programs.

Finally, RMC credited a refund of \$2,506 for unused cultural event tickets paid for with TRIO funds to its institutional account and not to the TRIO programs that paid for the tickets. RMC should have posted the refund to the Talent Search (\$1,236), Upward Bound (\$462), and Student Support Services (\$808) programs. The refund that RMC did not post to the TRIO programs would have provided an additional \$2,506 in funds to serve TRIO program participants. The \$2,506 is included in our finding regarding unallowable costs (See Finding No. 3).

Pursuant to 34 C.F.R. § 74.21(b)(1) and (2), recipients of federal funds must maintain financial management systems that provide for, among other things, (1) "accurate, current, and complete disclosure of the financial results of each federally approved project; . . . and (2) records that adequately identify the source and application of funds "These [r]ecords shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest." Moreover, 34 C.F.R. § 75.702 requires that grantees "use fiscal

control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds.” Finally, 34 C.F.R. § 75.730 states that “A grantee shall keep records that fully show: (a) the amount of funds under the grant; (b) how the grantee uses the funds; (c) the total cost of the project; (d) the share of that cost provided from other sources; and (e) other records to facilitate an effective audit.”

Because it recorded costs and refunds incorrectly, RMC did not report accurately its grant expenditures for the 1998-1999, 1999-2000, and 2000-2001 grant years. RMC reported \$888 more than it should have for its 1998-1999 Talent Search (\$844) and Upward Bound (\$44) expenses. RMC also reported \$21,126 less than it should have for its 1999-2000 Talent Search (\$5,134), Upward Bound (\$7,121), and Student Support Services (\$8,871) expenses. Finally, RMC reported \$23,084 more than it should have for its 2000-2001 Talent Search (\$5,514), Upward Bound (\$8,495), and Student Support Services (\$9,075) expenses.

RMC’s TRIO Director agreed that miscoding of expenses was a problem. The Director also informed us that TRIO grant employees typically have extensive social service backgrounds but little training in accounting or financial matters.

Recommendation

- 2.1 We recommend that the Assistant Secretary for Postsecondary Education should conduct a review of RMC and ensure RMC has (a) developed and implemented procedures to reconcile accounting and program records at least annually to ensure costs are charged to the correct program and the correct grant year, (b) provided specialized training in accounting for federal grant funds to TRIO personnel, and (c) reviewed accounting records for the audit period and corrected any improperly recorded transactions including those identified during our audit.

Auditee Comments

RMC agreed with our finding and recommendations. RMC stated that it has implemented procedures to reconcile accounting records, corrected accounting errors, and made arrangements for an accounting professor to provide a workshop on federal accounting to its TRIO staff members.

Office of Inspector General Response

We revised our recommendation to reflect RMC’s comments on our draft report.

Finding No. 3 RMC Used \$7,601 in TRIO Program Funds for Unallowable Costs

RMC charged unallowable costs to the TRIO programs, resulting in \$7,601 not being available to serve eligible TRIO participants. During the 1999-2000 grant year, RMC charged the following unallowable costs to its TRIO programs:

Cost	Talent Search	Upward Bound	Student Support Services	Total
Flowers ²	\$58			\$58
Duplicate Payments	\$110	-	\$33	\$143
Activities and meals for non-TRIO participants	\$2,934	\$2,998	\$1,468	\$7,400
Total	\$3,102	\$2,998	\$1,501	\$7,601

Pursuant to 34 C.F.R. §§ 643.30, 645.40, and 646.30, costs are allowable if they are reasonably related to the objectives of the TRIO programs. RMC's TRIO Director stated that TRIO grant employees typically have extensive training and experience in providing social services but little or no training or experience in financial matters.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education:

- 3.1 Direct RMC to repay \$7,601 to ED for unallowable costs charged to the TRIO programs during the audit period or provide documentation that it has already refunded this amount;
- 3.2 Conduct a review of RMC and ensure it has (a) developed and implemented controls to ensure it charges only allowable costs to the TRIO programs and (b) provided training to its TRIO staff regarding the types of costs that can be charged to the TRIO programs; and
- 3.3 Direct RMC to consult with ED officials if it has questions regarding the allowability of costs.

Auditee Comments

RMC agreed that \$7,400 in costs for activities and meals for non-TRIO participants were unallowable. RMC also agreed that \$143 in duplicate payments were unallowable. RMC stated that \$476 in flowers, candy, and balloons should be allowable, because those items were used as part of project recruitment efforts, which included providing informational material to prospective program participants. RMC provided support to show \$227 in fringe benefit costs should be allowed because the costs covered a continuing employee on maternity leave. RMC also stated that it has implemented controls to ensure only allowable costs are charged to TRIO accounts and provided training on OMB Circular A-21 to its staff members.

Office of Inspector General Response

We accepted RMC's support for \$883 previously considered unallowable and reduced the dollar amount of the finding from \$8,484 to \$7,601. We accepted RMC's support for \$238 for meals as

² Get-well arrangement for an individual who was not a TRIO program participant or employee.

well as support for \$418 for flowers, candy, and balloons. We also accepted RMC's support for the \$227 in fringe benefit costs. We did not accept RMC's support for \$58 charged to the Talent Search grant for flowers sent as a get-well gift. Finally, we revised our recommendations to reflect RMC's comments on our draft report.

Finding No. 4 RMC Paid \$6,560 in Stipends to Upward Bound Students without Evidence of Their Satisfactory Participation

RMC paid \$6,560 in stipends to students prior to ensuring the students' satisfactory participation in the Upward Bound program. We reviewed RMC's supporting documentation for seven months of stipend payments totaling \$10,287 made to students listed as participants in the Upward Bound program during the 1999-2000 grant year. During the months of December 1999, January 2000, February 2000, and July 2000, RMC did not have evidence of the students' satisfactory participation in the program.

Pursuant to 34 C.F.R. § 645.42, an Upward Bound project may provide stipends to participants who participate on a full-time basis, and demonstrate evidence of satisfactory participation in activities of the project. Satisfactory participation includes regular attendance and performance in accordance with standards established by the grantee and described in the application.

RMC experienced significant employee turnover in its TRIO programs. The Director of TRIO programs started work in January 1999, and the Assistant Director of Upward Bound started in June 2000. The two current Upward Bound Coordinators started in January 2001 and May 2001. When we brought the stipends issue to their attention, RMC officials stated that the 1999-2000 grant year was the first year for the grant and some record-keeping steps were missed. RMC also stated that it designed a Weekly Attendance Report in March 2000 to more accurately reflect students' involvement in the program. RMC designed the form after it paid stipends to students for the months of December 1999, January 2000, and February 2000. For 40 of the 44 stipend payments RMC made during the months of April, May, and June 2000, it kept a copy of the Weekly Attendance Report in the stipend recipient's file. RMC did not use the report to assess students' participation prior to making the stipend payments for July 2000.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education:

- 4.1 Direct RMC to repay \$6,560 to ED for stipends paid to students who had no evidence of satisfactory participation in the Upward Bound program during the months of December 1999, January 2000, February 2000, and July 2000; and
- 4.2 Conduct a review of RMC and ensure it is adhering to its procedures for determining satisfactory participation and maintaining sufficient records to show it determined that all Upward Bound students had evidence of satisfactory participation before paying stipends.

Auditee Comments

RMC agreed with our finding and recommendations. RMC stated that it employs a three-tier method for dispensing stipends (full, partial, and limited) based on minimum grade point averages and attendance of scheduled classes and activities.

Office of Inspector General Response

We revised our second recommendation to reflect RMC's comments on our draft report.

Finding No. 5 RMC Paid Unreasonable Costs for Consulting Services

RMC charged unreasonable costs to the TRIO programs for consulting services and an employee retreat. RMC paid a consulting firm from Arkansas a daily fee of \$1,500. For the 1999-2000 grant year, RMC budgeted only \$4,923 for Outside Services, the accounting classification it used to record consulting costs. It paid \$9,000, plus \$1,790 in related travel costs, for 6 days of consulting services. We discussed consulting costs with an ED program officer who stated that up to \$800 per day would be considered a reasonable and customary cost for consulting. Accordingly, we concluded \$700 of the \$1,500 daily fees paid to the consultant were unreasonable.

RMC hired the consultant to evaluate its administration of the Student Support Services program in September 1999 and all three TRIO programs in May 2000. RMC also hired the consultant to facilitate a teambuilding retreat for TRIO employees in May 2000.

Office of Management and Budget (OMB) Circular A-21, C.3 sets the standard for reasonable costs. Per OMB A-21, a cost may be considered reasonable if the nature of the goods or services and the amount involved reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are (a) whether the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement; (b) the restraints or requirements imposed by such factors as arm's-length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Federal Government, and the public at large; and, (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.

RMC did not consult with ED before paying its out-of-town consultant \$5,867 more than it originally budgeted for consulting. Had it done so, RMC's TRIO staff would have learned what ED considered reasonable (\$4,800, or up to \$800 per day). RMC's TRIO staff also would have learned that ED encourages TRIO staff to use local consultants. Consulting with ED would have made the \$5,990 (\$9,000 plus \$1,790 less \$4,800) available to provide services directly to TRIO participants.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education direct RMC to:

- 5.1 Repay \$5,990 to ED for unreasonable consulting and related travel costs.
- 5.2 Consult with an ED program official prior to incurring consulting costs which are significantly greater than those stated in the TRIO program's budgets.

Auditee Comments

RMC disagreed with our finding and recommendations. It stated that its costs to hire a consultant from outside its geographic area were justified given the consultant's unique qualifications and experience. RMC also stated the consultant spent five days preparing for the site visits and writing summary reports in addition to the five days of on-site work.

Office of Inspector General Response

We reviewed RMC's comments and found no basis for changing our report. RMC did not provide any written documentation supporting any additional days of work. RMC also did not comment on whether it looked for a suitable consultant within the metropolitan Chicago area, which could have reduced travel costs charged to the TRIO programs.

Finding No. 6 RMC Reported Inaccurately the Number of TRIO Program Participants It Served

RMC reported that it served 600 participants under its Talent Search grant for the 1999-2000 grant year. We reviewed RMC's supporting documentation and identified 18 additional participants. The 18 additional participants included 14 students who participated in a summer reading program, 2 high school students who did not advance to the next grade level, and 2 students who left the program prior to the end of the grant year. RMC also reported that it served 50 Upward Bound participants for the 1999-2000 grant year. We identified 9 additional participants during our review of supporting documentation. Finally, RMC reported that it served 160 Student Support Services participants during the 1999-2000 grant year. We identified 22 additional participants after inquiring about the accuracy of RMC's original list.

Pursuant to 34 C.F.R. § 74.51(d)(1), when required, performance reports must generally contain, for each award, a comparison of actual accomplishments with the goals and objectives established for the period, the findings of the investigator, or both. Pursuant to 34 C.F.R. § 75.732, a grantee shall keep records of significant project experiences and results. The grantee shall use the records to determine progress in accomplishing project objectives and revise those objectives if necessary.

Without complete and accurate information, ED has no assurances that RMC's performance reports are a true reflection of the TRIO programs RMC operated. Additionally, the data ED

used for its performance indicators to demonstrate achievement of the TRIO programs' objectives might not be accurate. For example, all nine of the participants RMC excluded from its total of Upward Bound participants served under the program were dropped from the program. Those 9 participants represent 15 percent of the 59 Upward Bound participants served for the 1999-2000 grant year. Rather than a 100 percent success rate, RMC could only claim an 85 percent success rate.

RMC's TRIO Director informed us that, for the Student Support Services and Upward Bound programs, RMC reported on the number of participants served at the time they prepared the performance reports, not the number served during the award year. However, 34 C.F.R. §§ 74.51(d)(1) and 75.732 do not limit the record keeping requirement to those participants who are active at the time of any performance report.

Recommendation

We recommend that the Assistant Secretary for Postsecondary Education direct RMC to:

- 6.1 Develop and implement controls to ensure TRIO staff preparing performance reports include all participants served during the grant year, regardless of their status at the time RMC prepares its reports.

Auditee Comments

RMC agreed that inactive participants were not included in its annual performance reports to ED, but disagreed with our finding and recommendation.

Office of Inspector General Response

We reviewed RMC's comments and found no basis for changing the report. RMC did not indicate that it has implemented corrective action to ensure future performance reports include all participants served during the grant year.

Finding No. 7 RMC Could Not Support Achievement of All Grant Objectives

RMC could not provide sufficient documentation for the 1999-2000 grant year to show that it achieved (or did not achieve) 2 of its 10 Student Support Services objectives and 2 of its 12 Upward Bound objectives. In its 1999-2000 grant year applications, RMC stated it would achieve 10 objectives for its Student Support Services program and 12 objectives for its Upward Bound program. In its interim report, RMC reported all objectives for both programs were 100 percent accomplished and/or ongoing. We reviewed RMC's support for these objectives and found that RMC did not track the information needed to determine whether it had achieved all objectives.

Pursuant to 34 C.F.R. § 74.51(d)(1) and (2), performance reports must generally contain a comparison of actual accomplishments with the goals and objectives established for the period and the reasons why the recipient did not meet established goals, if appropriate. Also, 34 C.F.R.

§ 74.51(a) states, in part, that “[R]ecipients are responsible for managing and monitoring each project, program, sub-award, function, or activity supported by the award.” Finally, 34 C.F.R. §§ 646.20(a)(2)(i) and 645.30(a)(2)(i) state, in part, if any application for a new grant proposes to continue to serve substantially the same population it is serving under an expiring grant, the Secretary evaluates the applicant’s prior experience in delivering services under the expiring grant.

ED awarded RMC \$194,688 for the 1999-2000 grant year and \$198,582 for the 2000-2001 grant year to provide services to Student Support Services participants through 10 objectives. ED also awarded RMC \$241,377 for the 1999-2000 grant year and \$342,467 for the 2000-2001 grant year to provide services to Upward Bound participants through 12 objectives. Had RMC reported, as required by 34 C.F.R. § 74.51(d), that it did not achieve all its objectives, ED may not have funded the 2000-2001 awards in their entirety.

Recommendations

We recommend that the Assistant Secretary for Postsecondary Education conduct a review of RMC and ensure it:

- 7.1 Has developed and implemented written policies and procedures to monitor its progress toward the achievement of its performance objectives, and
- 7.2 Is maintaining documentation, as described in the grant proposal, to demonstrate the degree to which it achieved the objectives.

Auditee Comments

RMC agreed with our finding and stated it has implemented both of our recommendations.

Office of Inspector General Response

We revised our recommendations to reflect RMC’s comments on our draft report.

OTHER MATTERS

RMC’s Budgets Do Not Provide ED with Accurate Information

RMC’s TRIO grant budgets do not provide ED with accurate information regarding estimated expenses. We compared RMC’s actual costs to its budgeted costs for various expense categories within each of its three TRIO programs for the 1998-1999, 1999-2000 and 2000-2001 grant years. RMC’s actual costs for travel and supplies were significantly greater than its budgeted costs. For example, RMC budgeted \$8,000 for travel for the Talent Search program for the 1999-2000 grant year but spent \$42,985. RMC’s actual costs for salaries, fringe benefits, indirect costs, and stipend payments were significantly less than its 1999-2000 budgeted costs, primarily due to staff vacancies throughout the year.

Pursuant to 34 C.F.R. §§ 643.21(f), 34 C.F.R. 645.31(f), and 34 C.F.R. 646.21(f), the Secretary evaluates the extent to which the project's budget is reasonable, cost-effective, and adequate to support the project when evaluating an application for a grant. The lack of accurate budget information could adversely affect the Secretary's ability to determine if grant costs are reasonable and if the grants are cost effective. RMC should strive to provide the Secretary with accurate budget information to facilitate a fair evaluation of the application.

TRIO Employees Shown in Budgets as 12-Month Employees Only Work 11 Months

RMC indicated in its proposed budget revisions for the TRIO programs that key employees (the TRIO Director, Associate Program Directors, and Counselor/Coordinators) were 12-month employees. We interviewed RMC's key employees and reviewed supporting documentation for their salary expenses. The key employees have an unwritten agreement to work 11 months and are to receive 1 month of unpaid leave during the award year. We discussed this matter with RMC officials, and they agreed that the TRIO program budgets should accurately reflect the number of months to be worked by TRIO program employees.

Auditee Comments

RMC commented on our example that budgets for the 1999-2000 grant year did not provide ED with accurate information. RMC stated that it could not be reasonably expected to anticipate the staff vacancies and staff turnover experienced by the Talent Search Project during its first year of operation. RMC also stated that Expanded Authority allows for the transfer of funds from one budget line to another.

RMC agreed that 11-month employees were shown in budgets as working 12 months and notified ED program officers that all but one TRIO grant employee works less than 12 months.

Office of Inspector General Response

We reviewed RMC's comments and found no basis for changing the report. RMC only commented on the example provided in the report. The 1999-2000 grant year was the second year for the Talent Search Program. RMC's actual costs for travel were also significantly higher than its budgeted costs for the 1998-1999 grant year.

BACKGROUND

RMC is a private, independent, nonprofit college headquartered in Chicago, Illinois. RMC offers Bachelor's Degrees, Associate Degrees, and Diploma programs and operates eight Illinois locations (Chicago, Naperville, Orland Park, Springfield, Bensenville, Oak Lawn, Peoria, and Western Springs). RMC is accredited by the Higher Learning Commission of the North Central Association of Colleges and approved by the Illinois Board of Higher Education.

The Upward Bound program emerged from the Economic Opportunity Act of 1964. The HEA created the Talent Search program. In 1968, the HEA, as amended, authorized the Special Services for Disadvantaged Students, now known as the Student Support Services program. By the late 1960's, the term "TRIO" was coined to describe these Federal programs. The programs are governed by the regulations contained in 34 C.F.R. Parts 74, 75, 643, 645, and 646.

The Talent Search program is designed to identify disadvantaged youths with potential for postsecondary education; to encourage them in continuing in and graduating from secondary school and enrolling in programs of postsecondary education; to publicize the availability of student financial aid; and to increase the number of secondary and postsecondary school dropouts who reenter an educational program. RMC first received a Talent Search grant for the four-year period from September 1, 1998, through August 31, 2002. ED awarded RMC \$194,800 for the 1999-2000 grant year and \$197,676 for the 2000-2001 grant year to provide services to eligible Talent Search participants.

The Upward Bound program is designed to generate skills and motivation necessary for success in education beyond high school among low-income and potential first-generation college students and veterans. The goal of the program is to increase the academic performance and motivational levels of eligible enrollees so that such persons may complete secondary school and successfully pursue postsecondary educational programs. RMC first received an Upward Bound grant for the four-year period from October 1, 1995, through September 30, 1999. RMC received a second Upward Bound grant for the four-year period from September 1, 1999, through August 31, 2003. ED awarded RMC \$241,377 for the 1999-2000 grant year and \$342,467 for the 2000-2001 grant year to provide services to eligible Upward Bound participants.

The Student Support Services program provides supportive services to disadvantaged college students to enhance their potential for successfully completing the postsecondary education in which they are enrolled and increase their transfer rates from two-year to four-year institutions. The program also fosters an institutional climate supportive of the success of disadvantaged college students. RMC first received a Student Support Services grant for the four-year period from September 1, 1997, through August 31, 2001. ED awarded RMC \$194,688 for the 1999-2000 grant year and \$198,582 for the 2000-2001 grant year to provide services to Student Support Services participants.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine if, for the period September 1, 1999, through August 31, 2000, RMC:

- Demonstrated that it provided only eligible services to the number of eligible TRIO students required under its agreement with ED,
- Properly accounted for and completely and accurately reported on the use of TRIO funds,
- Only claimed expenses that were allowable and adequately supported, and
- Claimed expenses that did not exceed the approved budgeted amounts.

To achieve our objectives, we reviewed:

- Background information shown on RMC's web site; organization charts; 1999-2000 participant rosters for the Talent Search, Upward Bound, and Student Support Services programs; administrative records related to RMC's determination of the eligibility of services rendered, selection of project participants, and submission of required reports; TRIO program performance reports submitted to ED; and program evaluations prepared by RMC's consultant.
- Twenty-four (of 600) randomly selected Talent Search participant files, and 10 judgmentally selected and 23 (of 160) randomly selected Student Support Services participant files.³
- Eighteen (of 59) randomly selected Upward Bound participant files and *IECPs* for an additional 27 Upward Bound participants.
- RMC's written fiscal procedures for federal grant programs, schedules of activities, and attendance rosters for 1999-2000 trips and activities paid with TRIO grant funds.
- OMB Circular A-133 audit reports prepared by RMC's independent public accountant for the years ending June 30, 1999, and June 30, 2000, and the related working papers.
- Accounting records related to RMC's system for requesting, accounting for, and using grant funds; and samples of documentation supporting RMC's use of TRIO funds during the period September 1, 1999 through August 31, 2000.
- Disbursement data in ED's Central Automated Processing System/Grant Administration and Payment System (EDCAPS/GAPS).
- Payroll records for 18 full-time and 12 (of 42) randomly selected part-time TRIO employees.
- Financial transactions (250) totaling \$137,477 using a combination of judgmental and stratified random sampling. During the audit period, RMC recorded 505 non-salary transactions totaling \$200,096. We stratified the transactions and randomly selected 116 transactions totaling \$26,551 for review. We also judgmentally⁴ selected 134 transactions totaling \$110,926.
- RMC's comments on our draft audit report, including eligibility documents for 59 students who participated in the Upward Bound program during the period September 1, 1999, through August 31, 2000, and 30 additional participants who participated September 1, 2000, through August 31, 2001.

We also interviewed RMC's independent public accountant and RMC officials, including the Senior Vice President of Administration, the Vice President of Student Services, the TRIO Programs Director, three Assistant Program Directors, four Program Coordinators, and the Controller.

³ RMC provided us with two Student Support Services' Participant Rosters. We selected the files for the 10 participants who were not on both rosters.

⁴ After stratifying the transactions, we selected all transactions from five strata in five cost categories. We also judgmentally selected transactions from three other strata based on (1) descriptions in RMC's accounting records that indicated the transaction might not be allowable or might be miscoded, (2) supporting documentation that covered multiple transactions, and (3) the dollar amount of the transactions.

To achieve the assignment's objectives, we extensively relied on computer-processed data recorded in RMC's Blumen (performance reporting) and Quodata (financial information) software. To assess the reliability of the performance reporting and financial information, we compared the data with source documents such as purchase orders, receipts, invoices, cancelled checks, and student contact records. We also compared RMC's financial data with data from EDCAPS/GAPS. Based on these tests, we concluded that the performance reporting information recorded in RMC's Blumen system was reliable. However, the results of our data tests showed an error rate in the financial information recorded in RMC's Quodata software that casts doubt on the data's reliability (See Finding No. 2). When the information in RMC's Quodata software is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations in this report are valid.

We performed our work at RMC's administrative offices and the Office of Inspector General's regional office in Chicago, Illinois, from August 27, 2001, through March 25, 2002. We discussed the results of our audit with RMC officials on April 18, 2002. We performed our audit according to government auditing standards appropriate to the limited scope audit described above.

STATEMENT ON MANAGEMENT CONTROLS

As part of our audit, we assessed RMC's system of management controls over administering its TRIO programs. The purpose of our assessment was to determine the level of control risk; that is, the risk that material errors, irregularities, or illegal acts may occur. We completed our assessment to assist us in determining the nature, extent, and timing of substantive tests needed to accomplish our audit objectives.

To make our assessment, we identified RMC's significant management controls over the TRIO programs and classified them into the following categories:

- Requesting, accounting for, and using grant funds;
- Purchasing;
- Claiming travel expenses;
- Determining the eligibility of services rendered;
- Selecting project participants;
- Submitting required reports;
- Determining participant financial need; and
- Monitoring staff time charged to the projects.

Due to inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in RMC's management control structure. However, our assessment disclosed significant management control weaknesses that adversely affected RMC's ability to administer its TRIO programs in accordance with the law and selected

regulations. The significant control weaknesses are related to (1) documenting selection of participants, (2) accounting for and using grant funds, (3) claiming travel expenses, (4) purchasing, and (5) submitting required reports. These weaknesses and their effects are discussed in the **Audit Results** section of this report.



Office of the President

August 27, 2002

Mr. Richard Dowd
Regional Inspector General for Audit - Region V
U. S. Department of Education
Office of the Inspector General
111 North Canal Street - Suite 940
Chicago, IL 60606

Dear Mr. Dowd:

I appreciate the opportunity to respond to the Office of the Inspector General (OIG) Draft Audit Report regarding the administration of the Robert Morris College TRIO projects. We strive for on-going improvement in the administration of our TRIO projects and believe they are administered in compliance with Federal Regulations.

The enclosed packet (2 copies provided) addresses each of the OIG's seven findings, and two additional items designated as "Other Matters." In addition, I have attached supporting documentation (including raw data and forms) that are referred to in our responses.

We know that the services and activities offered through the RMC TRIO projects significantly impact the educational futures of our participants. It is our hope, therefore, that the findings cited in the OIG Draft Audit Report can be resolved to the advantage of our participants who come from overwhelmingly poor schools in Chicago. Literature suggests that the Chicago public school system is among the worst in the nation, and the first section of our response document further defines that context by highlighting the family, school, and community circumstances that surround our TRIO project participants.

Thank you for your careful consideration of our response. At your request, we are ready to provide any additional information or evidence you may require to resolve these findings.

Respectfully submitted,

Michael P. Violtt
President

Enclosure

401 South State Street • Suite 410 • Chicago, Illinois 60605 • 312.935.6600
CHICAGO • NAPERVILLE • ORLAND PARK • SPRINGFIELD • BENSENVILLE

Robert Morris College
Response to OIG Draft Audit Report

INTRODUCTION

Chicago—sprawling, busy, upbeat, with a penchant for culture, beauty, and entertainment that makes for a pleasant visit or an affluent lifestyle! That Chicago IS NOT the Chicago in which Robert Morris College's TRIO participants live and learn. Instead, their Chicago can be characterized by rampant poverty, underperforming (if not failing) schools, racial segregation, social instability, violent crime, gang activity, and numerous other indicators of social turmoil and deterioration.

A closer examination of school and community data as well as what participants report about their individual circumstances define the baseline from which the Robert Morris College TRIO projects determine participant needs and design corresponding services.

Poverty—

The Chicago Public Schools (CPS) system reports that 85.6% of its students are from low-income families, ranking it first among the 100 largest school districts in the U.S. in terms of the percentage of students eligible for free and reduced-price lunch. The Robert Morris College TRIO projects serve schools that have a low-income population comparable to that of the entire CPS system but ranging from 75.8% to 98.6%. For example, the target schools served by RMC's Upward Bound project have the following proportion of low-income students:

Statistical Data from the Target Schools' Illinois Report Card

Target School	% Low Income
██████████	91.3
██████████	85.8
██████████	83.0
██████████	88.1

According to analyses of Measuring Up 2000 data published by the Illinois Board of Higher Education, young adults from low-income families in Illinois are 35% less likely to earn a high school diploma than their more affluent peers.

Under-performing Schools—

The correlation between poverty and poor academic achievement/persistence has been well documented for decades; therefore, it is not surprising that CPS ranks in the bottom quintile of districts in the state of Illinois for students' academic achievement and graduation rates. The one-year dropout rate reported by schools served through the Robert Morris College TRIO projects ranges from 11% at best to 21% at worst; according to the Chronicle of Higher Education the rate for the U. S. and for Illinois is 9%. Examining these one-year dropout rates over the span of Grades 9-12 produces a cohort dropout rate that is 38% at best to 60% at worst.

Robert Morris College
Response to OIG Draft Audit Report

Statistics only tell half the story. The students admitted into RMC's Upward Bound program during the 1999-2000 school term tell their own tales of woe. They come from four of the schools scoring in the bottom quartile of the state of Illinois Prairie State Achievement exam. The average ACT composite score for these four schools is 16. The high school drop-out rate at one school is 21% with the chronic truancy rate being nearly 23% at another target school.

The following summary reflects statistical data from the target school's Illinois Report Card:

**Statistical Data from the Target Schools' Illinois Report Card
Ranking and Prairie State Achievements Results**

Target School	% Low Income	% Passing PSAE	ACT Composite	ACT Reading	ACT Math	High School Drop-Out Rate	Mobility Rate*	Chronic Truancy Rate**
██████████	91.3	12.1	15.4	15.7	15.0	11.4	17.9	4.4
██████████	85.8	24.9	17.6	16.6	17.8	10.0	13.9	4.0
██████████	83.0	21.6	16.0	15.4	17.3	19.5	26.9	22.7
██████████	88.1	18.6	15.5	14.7	16.6	21.0	33.6	15.7

* Mobility rate is based on the number of times students enroll in or leave a school during the school year.

** Chronic truants are students who are absent from school without valid cause for 18 or more of the last 180 days.

Compounding these dismal indicators of academic performance is the fact that students in the CPS system overall rarely have personal contact with a school counselor for direction or encouragement to correct these serious deficiencies. Counselors in the target schools served by RMC TRIO projects readily admit that they have little time to devote to advising students about academic matters; instead their time is consumed by administrative duties (such as substitute teaching, monitoring halls and lunch rooms, and voluminous paperwork) and dealing with immediate student discipline crises.

Social Turmoil—

The poverty conditions that prevail in the majority of Chicago's public schools spawn a variety of factors that further impede student interest in education. The inner-city youth come with a different code of conduct and survival. There is no secret that Chicago students are not making academic progress and that for years, the entire system has come under fire as being one of the worst in the nation.

The student who survives the Chicago public school system is truly unparalleled! The Robert Morris College Upward Bound participant faces a myriad of challenges that many other students in urban environments do not face. Students serviced during the course of the 1999-2000 project year alone bring a set of circumstances reflective of the personal environment in which they must survive:

Robert Morris College
Response to OIG Draft Audit Report

- 100% live below the poverty level
- 100% are minority
- 85% are first-generation college students with no history of college in their family
- 35% are living with someone other than a parent (grandparents, aunts, uncles, boy/girlfriends, etc.)
- 67% live in subsidized housing (section 8)
- 21% live in Chicago Public Housing
- 12% don't know their father
- 14% have at least one parent in the penal system
- 6% have at least one parent in a drug and/or alcohol rehabilitation program
- 29% have at least one family member affiliated with a Chicago street gang
- 3% have at least one family member who is a high-ranking Chicago street gang official
- 2% of students are teenage mothers
- 28% of students speak English as a secondary language in the home
- 24% of students have at least one parent who speaks no English at all

It is without question that the Robert Morris College Upward Bound students face a plethora of obstacles daily that impede their ability to succeed academically. Their situations are not your typical urban "issues" but a set of unwritten rules for poverty, whereby the norm becomes submission to the aforementioned. For one of our students in particular, "dorm week" during the summer programs' residential hall experience, along with the many overnight trips throughout the year, is the only time that she knows for certain where she will sleep at night. We provide food with many of our weekend activities because for many students, outside of free lunch at school, this is the only meal, let alone a healthy balanced one, they will get.

Some of our educational workshops have included such basic and rudimentary skills as personal grooming and hygiene for young men and women. These are not the skills you learn as a youngster from drug addicted or incarcerated parents. In addition, we strive to create an environment that encourages students to create and establish their own moral code and value system based in the spirit of community and good citizenship. This is done with the hopes that these students will not only complete high school and college but become worthy contributors to our world and work collectively with others to make it a better place for everyone.

Perhaps the most direct characterization of what the RMC Upward Bound project means to participants can be found in the words of one participant's reflection. [REDACTED] is currently enrolled as a sophomore at [REDACTED] University. She graduated from [REDACTED] in 2001 and was an active participant in the Robert Morris College Upward Bound program during program years 1999-2000 and 2000-2001. [REDACTED] story is truly one of success, as she has overcome not only the peer pressure of the streets, but that within the walls of her own home. [REDACTED] has been on RMC's TRIO staff part-time this summer, assisting with the planning and delivery of the Upward Bound summer program and being a role model/mentor for current participants.

Finding No. 1: RMC Provided Upward Bound Services to Ineligible Students

Robert Morris College (RMC) disputes that Upward Bound (UB) Project services were provided to ineligible participants during FY 1999-2000 and FY 2000-2001. In addition to Federal regulations stating that two-thirds of all participants must be first generation (FG) and low income (LI), with the remaining third of participants being either FG or LI, RMC determined academic need for individual participants based on the following criteria:

- Assessment test scores below grade level;
or
- ACT composite scores below 15;
or
- GPA at 3.00 or below;
Rationale: "A" students in high poverty schools score at about the same level on standardized exams as "C" and "D" students in affluent schools. (US Department of Education/OERI, 1994).

Therefore, the Robert Morris College Upward Bound program uses a 3.0 grade point average as an indicator of academic need. Grades in the Chicago Public Schools system are relative to the school's overall performance in comparison to other schools in the state. There is no question that a 3.0 at a school where the average ACT is 15, drop-out rate is 21%, mobility rate is 33.6% and the chronic truancy rate is nearing 23%, is no way comparable to a school where the standardized test scores as well as daily attendance rates, are much higher.

- or
- Referral from home school counselor based on need for academic advising.
Rationale: "Students noncognitive characteristics explained 31% of the variance in high school grade average." ACT research confirms many noncognitive characteristics including personal (self-esteem, motivation, anxiety), family (parent's education, income status, difficult home situations), and educational-enhancing activities outside the classroom (reading, computer usage, homework) "are directly related to educational achievement in high school, and later success in college." Understanding the noncognitive characteristics of students and their relationship with educational achievement will help counselors, teachers, and parents as they guide and support students toward success in high school and in college. (ACT Research: Information Brief 99-2, What Helps or Hinders Students' Educational Achievement?)

We submit that the overall conditions of our target schools, their related environments, and the Chicago public schools in general create a permeating force of academic oppression, depression, and suppression. In fact, without the related academic services of the Upward Bound program, these students would be far less likely to complete their high school education let alone gain entrance to a program of postsecondary study upon high school completion. To say that the target schools served by the RMC Upward Bound program are bad is not enough; to say that students are poorly prepared is a fact.

Robert Morris College
Response to OIG Draft Audit Report

As demonstrated in Section 1—Introduction, the conditions in the target schools make it such that, regardless of students’ “surface” academic competencies, they all need the assistance that comes through a myriad of ancillary services offered through Upward Bound if they are to persist to high school graduation and subsequently enroll in a program of postsecondary/ higher education.

In response to the finding, the following documentation includes evidence that RMC provided services to eligible participants:

- Exhibits A and B: These spreadsheets include data for each participant regarding their entry in the program, their eligibility based on federal criteria (low-income, first-generation) and academic need criteria (grade-level, test scores, ACT composite score, counselor approval, cumulative GPA).
- Attachments: The raw data that supports the information included in the spreadsheets is appended in a separate section at the end of the response document. The raw data is comprised of grade cards and test results for each participant as well as letters and checksheets from the participant’s counselors at their home high schools; the latter confirm the participant’s academic need for general and/or specific services.
- Exhibit C and D: The Individual Education Career Plan (old form and new form) as well as a newly-designed Counselor Recommendation for Services form are included; the application form completed by the student is also appended.

OIG Recommendation 1.1: FY 1999-2000—Return to ED \$241,377 for the 1999-2000 grant year or provide evidence that the 59 students it served during the grant year required the services necessary to pursue a program of education beyond high school.

Exhibit A that follows shows the academic need criteria that determined the selection of the 59 participants served throughout FY 1999-2000. The highlighted column shows the factor on which the individual participant met the academic need criteria “as determined by the grantee” in accordance with federal regulations. RMC asks that the Department of Education set aside the finding that \$241,377 for the 1999-2000 grant year be returned.

OIG Recommendation 1.2: FY 2000-2001—Return to ED \$342,467 for the 2000-2001 grant year or provide evidence to show that the students RMC selected and served during that year met the eligibility requirements set forth in its Upward Bound grant application.

Exhibit B that follows shows the 70 participants served during the 2000-2001 grant year; 40 of that year’s participants continued from the previous year, and their academic need eligibility is documented in Exhibit A. For the 30 new participants, the highlighted column shows the factor on which the individual participant met the academic need criteria “as determined by the grantee” in accordance with federal regulations. RMC asks

Robert Morris College
Response to OIG Draft Audit Report

that the Department of Education set aside the finding that \$342,467 for the 2000-2001 grant year be returned.

OIG Recommendation 1.3—Implement controls sufficient to ensure that all future Upward Bound participants will meet all eligibility requirements. RMC should document its assessment of the academic needs of Upward Bound students by completing an IECP for all participants.

RMC concedes that while complete documentation for UB participants was lacking at the time of the OIG Audit, it is now in place for each of its past and current UB participants. At the time, RMC utilized the Individual Education Career Plan (IECP) – a form with now-obvious flaws. It has since been replaced by a form that more accurately codifies applicant need for UB services. Copies of both the old form and its replacement (Exhibits C and D) have been included for the Department of Education's review.

TRIO staff members, led by the current TRIO Director, painstakingly compiled the evidence requested through the OIG Audit regarding this finding. The results of their work confirm that RMC provided UB project services to participants who met the eligibility criteria.

Robert Morris College
Response to OIG Draft Audit Report

Finding No. 2: RMC Did Not Account Accurately for TRIO Program Funds

OIG Recommendation 2.1—*Develop and implement procedures to reconcile accounting and program records at least annually to ensure costs are charged to the correct program and the correct grant year.*

OIG Recommendation 2.2—*Provide specialized training in accounting for federal grant funds to TRIO personnel.*

OIG Recommendation 2.3—*Review accounting records for audit period and correct any improperly recorded transactions including those identified during our audit.*

RMC does not dispute that posting errors were made in the initial years of its sponsoring TRIO Programs. Recommendations from the OIG were considered and have been implemented. Specifically:

- Individual Project records are reconciled with RMC Grant Accounting spreadsheets on a monthly basis, with any discrepancies settled in a timely manner.
- RMC Accounting professor has agreed to provide a workshop on federal accounting to RMC TRIO staff members. Mr. James Coughlin, a CPA with a B.A., M.S., and C.M.A., is the Accounting Curriculum Chair at RMC and will conduct the initial workshop during Fall Quarter 2002 for TRIO project managers, administrative assistants, and the TRIO Director. He will then provide one-on-one follow-up with the staff of each project related to issues unique to the specific TRIO program. Further, Mr. Coughlin will be available to staff on an as-needed basis to furnish advice and to answer specific questions. Exhibit E includes a letter from the College's chief academic officer supporting Mr. Coughlin's commitment to this endeavor.
- All accounting errors have been corrected, and posted to correct accounts.
- Account numbers assigned for the respective TRIO projects have been very similar, contributing to the likelihood of miscoding expenditures and refund credits. To reduce such human error and inaccuracies, the cost center code numbers for two of the three programs have been changed so that each is more easily distinguishable from the other.

Program Name	Previous Cost Center Code	New Cost Center Code
Educational Talent Search	1-52-01-6910-000	1-52-01-6945-000
Student Support Services	1-52-01-6905-000	1-52-01-6923-000
Upward Bound	1-52-01-6900-000	1-52-01-6900-000

Robert Morris College
Response to OIG Draft Audit Report

Finding No. 3: RMC Used \$8,484 in TRIO Program Funds for Unallowable Costs

RMC concedes that in the past, Unallowable Costs have been unintentionally posted to TRIO accounts. RMC has implemented controls to ensure that only allowable costs are charged to TRIO accounts, and training has been provided on the OMB Circular A-21 for all TRIO staff members, as of July 24, 2002.

The tables below are modeled on those provided by the OIG in its Draft Audit Report and RMC responses are provided below each cost.

Cost	Talent Search	Upward Bound	Student Support Services	Total
<i>Meals</i>	\$74	\$74	\$90	\$238
Meals paid for out of Federal accounts were for TRIO staff only, in conjunction with a Staff Meeting. The RMC TRIO staff members had experienced high staff turnover, the departure of a Director, and the arrival of a new supervising Vice President. TRIO business and participants were the topic of discussion at this dinner, designed to emphasize teamwork and collaboration between projects and project staff. RMC asks that this cost be allowed in light of the extraordinary circumstances.				

Cost	Talent Search	Upward Bound	Student Support Services	Total
<i>Duplicate Payments</i>	\$110	0	\$33	\$143
RMC does not contest this cost. The mistake has been corrected, and accounts have been reconciled.				

Cost	Talent Search	Upward Bound	Student Support Services	Total
<i>Flowers, Candy, and Balloons</i>	\$202	0	\$274	\$476
RMC disputes that the above costs are unallowable, as they were expended to recruit participants into the individual Projects. At the time of these expenditures, Talent Search and Student Support Services projects were serving fewer participants than they were funded to serve. To bolster project recruitment efforts, attractive tables with balloons and flowers, and candy were set up, staffed with project personnel armed with informational brochures and applications. RMC asks that these costs be ruled as an allowable cost.				

Robert Morris College
Response to OIG Draft Audit Report

Cost	Talent Search	Upward Bound	Student Support Services	Total
<i>Fringe Benefits</i>	0	\$227	0	\$227
The cost in question represents fringe benefits for a former staff member who, while on unpaid maternity leave, continued to receive benefits as a continuing employee, per RMC policy (Exhibit F). At the end of her unpaid leave, she elected to not return to her position. RMC asks that this amount be deducted from the total \$8,484.				

Cost	Talent Search	Upward Bound	Student Support Services	Total
<i>Activities and Meals for Non-TRIO Participants</i>	\$2,934	\$2,998	\$1,468	\$7,400
RMC concedes that non-participants (siblings, parents, teachers, and counselors) attended TRIO activities paid for out of Federal funds. In the future, RMC agrees to limit TRIO-funded activities to only those who are enrolled as participants in the Projects.				

OIG Recommendation 3.1—Repay \$8,484 to ED for unallowable costs charged to the TRIO programs during the audit period or provide documentation that it has already refunded this amount.

We ask that the total be reduced to \$7,547, based on the justifications listed below each item line; the following chart summarizes RMC's request by TRIO project.

Summary Cost	Talent Search	Upward Bound	Student Support Services	Summary Total
<i>OIG Total</i>	\$3,320	\$3,299	\$1,865	\$8,484
<i>RMC Requested Revised Total</i>	\$3,044	\$3,002	\$1,501	\$7,547

OIG Recommendation 3.2—Develop and implement controls to ensure it charges only allowable costs to the TRIO programs.

OIG Recommendation 3.3—Provide training to its TRIO staff regarding the types of costs that can be charged to the TRIO programs.

Both of these recommendations have been addressed as described in the introductory paragraph above.

Robert Morris College
Response to OIG Draft Audit Report

Finding No. 4: RMC Paid \$6,560 in Stipends to Upward Bound Students Without Evidence of their Satisfactory Participation

OIG Recommendation 4.1—Repay \$6,560 to ED for stipends (which is included in Recommendation 1.1) paid to students who had no evidence of satisfactory participation in the Upward Bound program during the months of December 1999, January 2000, February 2000, and July 2000; and

OIG Recommendation 4.2—Adhere to its procedures for determining satisfactory participation and maintain sufficient records to show it determined that all Upward Bound students had evidence of satisfactory participation before paying stipends.

RMC UB does not dispute that incomplete records were maintained for participants who received stipends for the four months in dispute. The project now maintains accurate records showing that participants only receive stipends after they have met the criteria as outlined in the approved grant.

RMC UB employs a three-tier method for dispensing stipends (full, partial, and limited), (Exhibit G) based on a minimum GPA of 2.0, and attendance at tutorial sessions, seminars, activities, and scheduled classes.

A copy of the new Weekly Attendance Report Form is also included (Exhibit H).

Finding No. 5: RMC Paid Unreasonable Costs for Consulting Services

RMC concedes that an external evaluator was hired to evaluate all three of its TRIO Projects in May 2000. At that time, high staff turnover had greatly reduced the effectiveness of the TRIO projects. Based on the experience of other federally-funded projects hosted by RMC, the decision was made to hire the external evaluator most familiar with the RMC Administration, who additionally had past experience as a Director of TRIO projects at other institutions. This action was entirely consistent with institutional practices.

External evaluation was a critical part of the project evaluation design as described in each grant application. The consultant provided services to all three of RMC's TRIO projects – Student Support Services, Talent Search, and Upward Bound. Indeed, the costs associated with this payment have had long-lasting impact on the TRIO projects, which continues to the present time, over two years after this evaluation. Therefore, RMC respectfully asks the Department of Education to consider the lasting impact this particular cost has had, the coordination between the three TRIO projects in bringing this consultant in to evaluate its TRIO Division, and not penalize RMC.

At first glance evaluation/consulting expenses may appear to be excessive; however, this is not the case considering that [REDACTED] spent approximately five days working off-site before and after the visit in addition to the five days of onsite work. Off-site work was necessary in order to:

- Prepare for visits
- Become familiar with grants and projects at RMC
- Review and analyze materials provided by RMC during the visits
- Interview staff by phone
- Work with TRIO Director to plan staff's professional development exercise
- Prepare presentations for professional development exercise based on TRIO staff's needs
- Prepare materials for use in staff professional development exercises
- Write summary report of the consultation visit

We are of the strong belief that [REDACTED] background and experience mirrors the design of our exiting TRIO Programs and coupled with her professional experiences and expertise in the area of TRIO programs, she was chosen to assist our TRIO Director in formulating a quality staffing development retreat exercise in addition to providing us with an extensive program evaluation for all three projects. RMC, acting under Expanded Authority guidelines, moved funds to appropriate line items to cover the costs for consulting services, all of which were justifiable, allowable, and reasonable.

RMC chose to use this highly qualified consultant from outside the geographic area of its project for the following reasons:

Robert Morris College
Response to OIG Draft Audit Report

1. In 1999-2000, RMC's TRIO projects (especially Upward Bound) were struggling with high staff turnover that threatened program stability. By May of that year (1999), we had mostly new staff that was not working effectively as a team. TRIO Director Shawn Govan proposed intensive evaluation and a staff development workshop in the form of a retreat. The development workshop focused on teambuilding strategies and was successful in rectifying many problems facing the projects up to that time.
2. Our projects have been faced with the challenges of not only staff turnover, but problems that are associated with the causes and effects of such. We felt that it was in the best interest of our programs, their respective staffs, and the students we service, to provide an optimum training and evaluative experience in such a way that staff members would not only benefit from the exercises dealing with legislative concerns and compliance issues, but equally as important, those directly effecting group dynamics and teambuilding efforts.
3. [REDACTED] was an excellent choice because of her unique qualifications and abilities in the following areas:
 - She has extensive TRIO/federal grant experience
 - She is a dynamic facilitator/presenter
 - She is a strategic planning expert
 - She has considerable experience as an external evaluator
 - She has served as a TRIO Director supervising SSS/ETS/UB under one Directorship, similar to RMC's unique TRIO structure

OIG Recommendation 5.1—Repay \$5,990 to ED for unreasonable consulting and related travel costs.

OIG Recommendation 5.2—Consult with an ED program official prior to incurring consulting costs which are significantly greater than those stated in the TRIO program's budgets.

RMC requests that the Department of Education set aside the recommendation that unreasonable consulting and related travel costs in the amount of \$5,990 were incurred.

Finding No. 6: RMC Reported Inaccurately the Number of TRIO Program Participants It Served

OIG Recommendation 6.1—*Develop and implement controls to ensure TRIO staff preparing performance reports include all participants served during the grant year, regardless of their status at the time RMC prepares its reports.*

As experienced TRIO Directors will attest, not all students selected for participation in a TRIO project actually participate to the degree required to affect an actual impact. The participant turnover experienced by RMC's TRIO Projects is not unusual; in fact, given the barriers that our inner-city participants face, our turnover rate is to be expected. RMC vociferously objects to the insinuation that participants were dropped from a TRIO project because they were "poor performers"; rather, they were removed from project rolls only after they were informed in writing that, unless they expressed interest in abiding by their Project Participant Contracts (which set out expectations for participation in project services and activities), they would be put on "inactive status."

RMC concedes that inactive participants were not reported on Annual Performance Reports to the Department of Education. Eight of the nine students cited in the OIG Draft Audit Report did not receive project services, and the ninth took part in two sessions, then dropped out of high school. (Subsequent efforts to contact the individual who left school were unsuccessful.) The Department of Education does not specifically require TRIO Projects to report on participants who receive no services and are placed on inactive status as a consequence. Additionally, 34 CFR 74.51 (d) (1) and 75.732, cited by the OIG, do not specifically require projects to report on participants who are no longer active participants. The OIG Draft Audit Report does not specifically name the Objective that RMC's UB Project did not meet in underreporting, but according to Objectives approved by the Department of Education, when considering only active participants, all Objectives have been met.

Finding No. 7: RMC Could Not Support Achievement of All Grant Objectives

OIG Recommendation 7.1—*Develop and implement written policies and procedures to monitor its progress toward the achievement of its performance objectives.*

OIG Recommendation 7.2—*Maintain documentation, as described in the grant proposal, to demonstrate the degree to which it achieved the objectives.*

RMC concedes that documentation regarding successful completion of TRIO Project objectives was informal, at best. Both of the OIG Recommendations have since been implemented. Specifically:

- All evaluation data called for in TRIO grant proposals have been gathered in a Blumen database, available for accurate reporting.
- Reports are run on a monthly basis, providing TRIO Project staff information regarding Objective outcomes.

Robert Morris College
Response to OIG Draft Audit Report

Other Matters

RMC's Budgets Do Not Provide ED with Accurate Information

The OIG Draft Audit Report specifically calls the Department's attention to the FY 1999-2000 Budget. RMC could not be reasonably expected to anticipate the staff vacancies and staff turnover experienced by the Talent Search Project during its first year of operation. Additionally, Expanded Authority allows for the transfer of funds from one budget line to another. Savings realized through salary and fringe benefits were applied to direct participant services. Once project staff had stabilized, line item costs were aligned with anticipated expenditures.

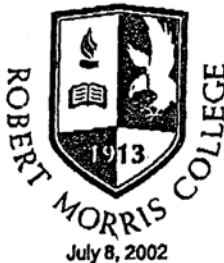
TRIO Employees Shown in Budgets as 12-Month Employees Only Work 11 Months

RMC concedes that an oversight resulted in time commitments by TRIO staff being underreported. It is important to note that staff were not compensated for time away from Project responsibilities, and this oversight has been corrected (Exhibit I).

EXHIBIT I

FROM FEDERAL TRIO PROGRAM FEDERAL TRIO

(FRI) 7.19'02 9:29/ST. 9:24/NO. 4861073882 P 2



July 8, 2002

Margaret Wingfield
 Program Officer, U.S. Department of Education
 Office of Federal TRIO Programs
 Upward Bound
 1990 K Street NW
 Washington, DC 20008 - 8511



APPROVED NO ADDITIONAL FUNDS 7/18/02
 AUTHORIZED
Margaret Wingfield
 ED PROGRAM CONTACT DATE

Dear Margaret:

As I am sure you are well aware, TRIO Programs at Robert Morris College have been audited by the Department of Education's Office of the Inspector General. Although mostly positive, some of the outcomes of the audit findings may require that monies be returned to the Department of Education from Upward Bound project. We have yet to hear anything definite regarding exact dollar amounts and are awaiting the official response; however, there was one finding that the auditors did want us to rectify with regard to the Department and they requested this be done ASAP.

On record, we list the TRIO Director, Assistant Director, Coordinator/Counselor and the Administrative Assistant positions as being 12-month; however, in actuality, only the Administrative Assistant's position actually works 12 months with the others operating under 11-month employment agreements with the salaries for all being actual in terms of what was submitted and approved.

Margaret, please be advised that this arrangement had been in place prior to my arrival here and my understanding of the rationale for such was so that the positions be more in line with comparable salaries and managerial/administrative positions at the institution. However, in my position as TRIO Director, I do share in the responsibility of rectifying this problem so that all areas of TRIO Programs at Robert Morris College fully function not only in compliance, but also in congruence with the Office of the Inspector General's suggestions for improved operational standards. At our exit interview held on Thursday, April 18, 2002, they made it clear to us that this 11/12 - month arrangement needs to be changed at once.

I have enclosed a copy of a revised 2001 - 2002 project year budget with narrative for each line item. You will note that all positions clearly reflect 11-month appointments. For your records, copies of all hiring forms that speak to the 11-month hiring agreement for all permanent staff assigned to the project are also provided. In the event that additional information from the institution is required, do not at all hesitate to contact me immediately and I will be sure to forward them post haste.

Thank you, as always, for your support throughout this auditing process and I am sure Margaret, through working together, TRIO Programs at Robert Morris College will come out victoriously upon the conclusion of this entire process.

Take care,

Shawn L. Govan
 Encs.

401 South State Street • Chicago, Illinois 60605 • Phone 312.935.6868 • Fax 312.935.6912

37

EXHIBIT I

FROM FEDERAL TRIO PROGRAMFEDERLTRIO

(WED) 8.14'02 13:50/ST. 13:50/NO. 4861073003 P 2



May 21, 2002

Reginald Williams
 Program Officer
 U.S. Department of Education
 Office of Federal TRIO Programs
 College and University Support Team
 1990 K Street NW
 Washington, DC 20006 - 8511

Dear Reggie:

Thank you for your time and attention with regard to the post audit "clean-up". As I mentioned in our phone conversation this morning, ALL staff assigned to the Robert Morris College Student Support Services project are 11-month employees. I am forwarding a copy of the budget revision reflecting such and have made all necessary changes in our office of human resources so that all records are in compliance with the suggestions made with the Office of Inspector General's audit team.

It is my understanding that this revision, in congruence with the auditor's suggestion, is met with the Department's approval. Please let me know if there is anything further I need to provide and once again, thank you for your help with this situation.

Take care,

Shawn L. Govan ©

APPROVED NO ADDITIONAL FUNDS
 AUTHORIZED

 ED PROGRAM CONTACT DATE 8/14/82

401 South State Street • Chicago, Illinois 60605 • Phone 312.935.6868 • Fax 312.935.6912

36

EXHIBIT I

FROM FEDERAL TRIO PROGRAMFEDERLTRIO

(THU) 8.15'02 11:14/ST. 11:14/NO. 4861073005 P 1



APPROVED NO ADDITIONAL FUNDS
AUTHORIZED

ED PROGRAM CONTACT DATE



Margaret Wingfield
Program Officer, U.S. Department of Education
Office of Federal TRIO Programs
Educational Talent Search
1990 K Street NW
Washington, DC 20006 - 8511

Dear Margaret:

As I am sure you are well aware, TRIO Programs at Robert Morris College have been audited by the Department of Education's Office of the Inspector General. Although some of the outcomes of the audit findings may require that monies be returned to the Department of Education, specifically, Upward Bound, none have been requested with regard to any infractions or compliance issues relating to Educational Talent Search. However, there was one finding that the auditors did want us to rectify with regard to the Department and they requested this be done ASAP.

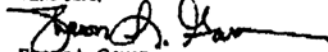
On record, we list the TRIO Director, Assistant Director, Coordinator/Counselor and the Administrative Assistant positions as being 12-month; however, in actuality, only the Administrative Assistant's position actually works 12 months with the others operating under 10-month employment agreements with the salaries for all being actual in terms of what was submitted and approved.

Margaret, please be advised that this arrangement had been in place prior to my arrival here and my understanding of the rationale for such was so that the positions be more in line with comparable salaries and managerial/administrative positions at the institution. However, in my position as TRIO Director, I do share in the responsibility of rectifying this problem so that all areas of TRIO Programs at Robert Morris College fully function not only in compliance, but also in congruence with the Office of the Inspector General's suggestions for improved operational standards. At our exit interview held on Thursday, April 18, 2002, they made it clear to us that this 10/12 - month arrangement needs to be changed at once.

I have enclosed a copy of a revised 2001 - 2002 project year budget with narrative for each line item. Along with that I have also provided a 2002 - 2003 project budget with a 3% increase. You will note that all positions clearly reflect 10-month appointments. For your records, copies of all hiring forms that speak to the 10-month hiring agreement for all permanent staff assigned to the project are also provided. In the event that additional information from the institution is required, do not at all hesitate to contact me immediately and I will be sure to forward them post haste.

Thank you, as always, for your support throughout this auditing process and I am sure Margaret, through working together, TRIO Programs at Robert Morris College will come out victoriously upon the conclusion of this entire process.

Take care,


Shawn L. Govan
Encls.

401 South State Street • Chicago, Illinois 60605 • Phone 312.935.6868 • Fax 312.935.6912

35